



# Texas Department of Family and Protective Services

Commissioner  
H. L. Whitman, Jr.

June 4, 2018

Ms. Sarah Hicks, Budget Director  
Governor's Office of Budget, Planning and Policy  
1100 San Jacinto, 4th Floor  
Austin, TX 78701

Mr. John Colyandro, Policy Director  
Office of the Governor  
1100 San Jacinto, 4th Floor  
Austin, Texas 78701

Ms. Ursula Parks, Director  
Legislative Budget Board  
1501 North Congress Avenue, 5th Floor  
Austin, TX 78701

Dear Ms. Hicks, Mr. Colyandro, and Ms. Parks:

Enclosed is the agency's FY 2018 Financial Report as of April 2018. The following is a narrative summary of budget adjustments during the month, budget variances, significant changes from appropriated funding, capital budget issues, and other key budget issues at this time.

## **BUDGET ADJUSTMENTS**

The budget adjustments listed below apply to the appropriation year 2018 as of the end of February 2018. Adjustments to Department of Family and Protective Services (DFPS) appropriation pattern as detailed in the Conference Committee version of H.B.1, 85th Legislature, Regular Session are described.

- A. This adjustment reflects the appropriation adjustment pursuant to Art II, Rider 33, Contingency for Senate Bill 11, Provision of Child Protective Services and Other Health and Human Services by Certain State Agencies or Under Contract with a State Agency.
- B. This adjustment reflects the appropriation adjustment pursuant to Art II, Rider 47, Contingency for Senate Bill 1208, Licensing of Certain Facilities, Homes, and Agencies that Provide Child-Care Services.

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- C. This adjustment reflects transfers between appropriations within 20 percent limitation to cover projected expense pursuant to 85th Legislature, SB1 Art IX, Sec 14.01(a), Appropriation Transfers (2018-19 GAA).
- D. This adjustment reflects transfers between non-capital and capital budget items pursuant to the 85th Legislature, SB1 Art IX, Sec 14.03(h), Limitation on Expenditures – Capital Budget (2018-19 GAA). *[See Schedule 8 for project detail]*
- E. Pursuant to Art IX, Sec 13.01, Federal Funds/Block Grants, adjustments have been made to align federal funds/block grants and re-budget federal funds/block grants between FY18 and FY19. Total amounts by CFDA are listed below. Items with changes from the prior month are shaded below. Additional detail is provided in Schedule 1 Supplemental.

- 93.505.001- Home Visiting Grant - Competitive \$121,704
- 93.556.001- Title IV-B, Part 2 Promoting Safe and Stable Families (\$419,259)
- 93.590 - Community-Based Child Abuse Prevention Grants (\$166,984)
- 93.599 - Title IV-E Chafee Education and Training Vouchers Program ETV (\$23,081)
- 93.603 - Adoption Incentive Payments (\$5,890,665)
- 93.674 - Chafee Foster Care Independence Program (\$412,120)
- 93.870 - MIECHV (\$145,145)

- F. This adjustment reflects changes in estimated federal entitlement funds (gains or losses) pursuant to Art IX, Sec 13.01, Federal Funds/Block Grants Fed Entitlements. Updates in projections affected these sources. Additional detail is provided in Schedule 1 Supplemental.

- 93.090.050- Title IV-E Guardianship Assistance - Administration \$207,563
- 93.090.060- Title IV-E Guardianship Assistance - FMAP (\$511,681)
- 93.658.050- Title IV-E Foster Care - Administration \$23,430,063
- 93.658.060- Title IV-E Foster Care - FMAP (\$38,651,412)
- 93.658.075- Title IV-E Foster Care-Training (\$875,034)
- 93.659.050- Title IV-E Adoption Assistance - Administration \$764,623
- 93.659.060- Title IV-E Adoption Assistance - FMAP \$203,653
- 93.659.075- Title IV-E Adoption Assistance-Training (\$20,734)
- 93.778.003- Medical Assistance Program \$1,161,711

- G. This adjustment reflects the appropriation adjustment pursuant to Art IX, Sec. 18.02, Contingency for House Bill 7, Child Protective Services Suites, Motions, and Services and to the Licensing of Certain Facilities, Homes, and Agencies that Provide Child-Care Services. *[See Schedule 1a for strategy detail]*

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- H. Pursuant to Art IX, Sec 14.01 (e)(2) Appropriation Transfers (letter dated September 7, 2017), this adjustment reflects transfers between appropriations resulting in an increase to the Indirect Administration Goal. Additional detail is provided in Schedule 1 Supplemental.
- I. Pursuant to Art II, Rider 13, Limitation on Transfers: CPS and APS Direct Delivery Staff (letter dated September 7, 2017), this adjustment reflects transfers between appropriations. Additional detail is provided in Schedule 1 Supplemental.
- J. This adjustment reflects changes in estimated interagency contracts pursuant to Art IX, Sec 8.02, Reimbursements and Payments.
- K. Pursuant to Art II, Special Provisions, Sec. 6, Limitations on Transfer Authority, this adjustment reflects the transfer of appropriations and FTE authority for Child Care Investigations (letter dated November 21, 2017)

## **BUDGET VARIANCES**

Schedules 1, 4, and 5 of this report reflect the agency's current projections for program expenditures as well as the forecast for entitlement programs (Foster Care and Adoption Subsidy/PCA), Contracted Day Care services, and the Relative Other Designated Caregiver program as reported in the Governor's Operating Budget.

This report reflects an agency shortfall of \$62.5 million All Funds consisting of a shortfall of \$68.7 million in General Revenue. In addition, an estimated lapse of \$6.2 million Federal Funds that will not be drawn or collected.

- Appropriations that are anticipated to result in lapsed budget authority are expressed as a positive variance:
  - 93.558 - Temporary Assistance to Needy Families (TANF)
  - 93.575 - Child Care and Development Block Grant
- Appropriations for which expense is projected to exceed the adjusted budget are reflected as a negative variance:
  - 0001 General Revenue
  - 8008 GR Title IV-E FMAP
  - 93.090.050 Title IV-E Guardianship Assistance – Administration
  - 93.090.060 Title IV-E Guardianship Assistance – FMAP
  - 93.658.050 Title IV-E Foster Care – Administration

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- 93.658.060 Title IV-E Foster Care – FMAP

Based on current projections, the agency anticipates estimated general revenue shortfalls in Goal B (Child Protective Services). The projected general revenue variances are summarized as follows:

- Entitlement Programs - \$37.6 million shortfall
- Contracted Day Care Services - \$8.3 million shortfall
- Non-Entitlement Programs - \$22.8 million shortfall

## **SIGNIFICANT CHANGES FROM PREVIOUS REPORT**

This is the eighth Monthly Financial Report for FY 2018. This report reflects updated expenditures and revenues.

## **OTHER KEY BUDGET ISSUES**

The agency has submitted RTEs to address the realignment of TANF within Entitlement Programs to avoid lapsing appropriations, creating a new Capital line item for IMPACT Modernization, to allow payment of travel reimbursements to members of the advisory council established as a result of House Bill 5, and reinstatement of FTE authority related to Senate Bill 11. The agency has also submitted an RTE to address the projected shortfalls in Purchased Day Care Services and Entitlement programs, however and update based on the May forecast is forthcoming.

Additional RTEs planned include addressing projected shortfalls in Entitlement Programs, shortfalls in Purchased Client Services, and final alignment of appropriations and FTE authority between HHSC and DFPS due to House Bill 5.

## **CAPITAL BUDGET ISSUES**

The budget in Schedule 8 (Capital Projects) reflects the DFPS 2018-2019 capital appropriation levels, adjustments to reflect the transfer of the remaining balance in G.1.1 to a Capital project, and adjustments to reflect changes in estimated federal entitlement funds (gains or losses) pursuant to Art IX, Sec 13.01 Federal Funds/Block Grants Fed Entitlements. Future adjustments will be reflected in Monthly Financial Reports as revenues are realized and/or actual adjusting entries are processed in the Uniform State Accounting System.

- B. This adjustment reflects the appropriation adjustment pursuant to Art II, Rider 47, Contingency for Senate Bill 1208, Licensing of Certain Facilities, Homes, and Agencies that Provide Child-Care Services.

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- D. This adjustment reflects transfers between non-capital and capital budget items pursuant to the 85th Legislature, SB1 Art IX, Sec 14.03(h), Limitation on Expenditures – Capital Budget (2018-19 GAA).
- F. This adjustment reflects changes in estimated federal entitlement funds (gains or losses) pursuant to Art IX, Sec 13.01, Federal Funds/Block Grants Fed Entitlements specific to capital budget items.
- I. Pursuant to Art II, Rider 13, Limitation on Transfers: CPS and APS Direct Delivery Staff (letter dated September 7, 2017), this adjustment reflects transfers between appropriations. Additional detail is provided in Schedule 1 Supplemental.

**STATUS OF PENDING TRANSFERS AND AUTHORITY REQUIRING PRIOR APPROVAL**

Schedule 10 contains a full listing of request for approval and notifications that DFPS has submitted for the fiscal year. The item listed below is pending.

<b>Letter Topic Appropriation Year</b>	<b>HHSC/DFPS Letter Date</b>	<b>LBB</b>	<b>Governor</b>
Request for Approval to Transfer Appropriations to Fund Day Care Services in FY 2018 [DFPS-2018-A-0005]	February 28, 2018	N	N
Realign TANF/General Revenue between B.1.9 (Foster Care Payments) and B.1.11 (RODC) [DFPS-2018-A-0006]	April 19, 2018	N	N
Request for Approval to fund IMPACT Modernization Capital Item and Reinstate FTE Authority [DFPS-2018-A-0007]	April 27, 2018	N	N

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Request to Reimburse Travel for Advisory Council Members [DFPS-2018-A-0008]	May 2, 2018	N	N
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Please feel free to contact me at 512/438-5152 if you have any questions or require additional information.

Sincerely,



Chad Berdoll  
Deputy Chief Financial Officer

cc: Garnet Coleman, State Representative  
Allison Billodeau, Governor's Office  
Jessica Olson, Lieutenant Governor's Office  
Heather Fleming, Speaker's Office  
Stacey Gilliam, Senate Finance Committee  
Kyler Arnold, House Appropriations Committee  
Liz Prado, Legislative Budget Board  
Rob Coleman, Director of Fiscal Management